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Applicant's specification at page 17, lines 6-12 recites:

Single bit initiate verification flag 516 indicates whether card-holder 102 wishes server 200 to initiate the verification process, or if server 200 should wait for user 102 to initiate the verification process. If initiate verification flag 516 has a value of 1, interactive verification module 306 initiates the verification process with the associated card-holder (e.g., e-mail, automated telephone call, etc.). If initiate verification flag 516 has a value of 0, the associated card-holder must initiate verification (e.g., place telephone call to server 200, log onto server 200 via internetwork 110, etc.). (emphasis added)

Therefore, according to the above passage, interactive verification module 306 sends notification to the card-holder in the form of an e-mail and/or an automated telephone call if initiate verification flag 516 is set to a value of 1. Further, note that according to the methods disclosed in Applicant's specification (e.g., Figs. 7-9) notification is provided as part of the verification process. Thus, if initiate verification flag 516 is set to a value of 0, the card-holder must initiate the verification process and, because notification is a part of the verification process, the card-holder does not receive any prior notification from interactive verification module 306. Thus, Applicant's original specification clearly indicates that notification to the account-holder is disabled when initiate verification flag 516 is set to a value of 0.

In the Advisory action mailed July 29, 2004 the Examiner writes:

With respect to the 112, 1st paragraph rejection, the cited pages specified by the Applicant discloses the card holder initiating verification of an account **but doesn't disclose the system notifying the card holder that his or her account have been disabled.** (emphasis added)

However, the issue is not whether notification is sent to the card-holder to indicate that his/her account has been disabled, but rather whether or not the card-holder is notified of a transaction approval request being received by the system. According to Applicant's disclosure as cited above, notification to the card-holder is disabled if initiate verification flag 516 is set to 0.

For at least the foregoing reasons, Applicant respectfully asserts that Claims 8, 24, 49, and 51 clearly comply with 35 U.S.C. § 112, first paragraph. However, if the Examiner believes that this issue is one of specific wording, the Examiner is invited to suggest acceptable language.

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For at least the foregoing reasons, Applicant avers that Claims 8, 24, 49, and 51 comply with 35 U.S.C. § 112, first paragraph, and respectfully requests withdrawal of the rejections of those claims.

Claim 8 is rejected under 35 U.S.C. § 112, second paragraph. The Examiner writes:

Claim 8 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The language "operative to wait for said account-holder to initiate said connection with said account holder" is confusing. The claim was examined similar to claim 24 which includes waiting for the account-holder to initiate communication with the computer system.

Claim 8 was previously amended to recite (in part) "said authorization module includes an interactive verification module operative to wait for said account-holder to initiate said separate connection." Claim 8 now refers to a previously introduced element with the same terms used to introduce that element and is, therefore, clear and definite.

In the Advisory Action mailed July 29, 2004, the Examiner responded to Applicant's previous arguments with respect to Claim 8 as follows:

With respect to the 112, 2nd rejection, the rejection has nothing to do with lack of antecedent basis. Instead, the rejection was confusing in nature because the claim recite an account-holder initiating a connection with himself and therefore correction is required.

Applicant did not misunderstand the rejection as a lack of antecedent basis rejection. Rather, Applicant was trying to point out that Claim 8 only appeared unclear if the clear antecedent basis for the connection provided in Claim 1 was ignored. In Claim 1, it is clear that the account-holder communications module facilitates "a separate connection with said account-holder" between the system and the card-holder, in order to verify a transaction approval request. Claim 8 merely refers to this connection by the same terms with which the connection was introduced in Claim 1. The issue is not one of lack of antecedent basis, but rather ignoring the clear antecedent basis that was provided. Claim 1 recites a connection with the account holder, and Claim 8 indicates that the account-holder initiates that previously recited connection.

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Although Applicant believes that Claim 8 satisfies the requirements of 35 U.S.C. § 112, Applicant is willing to consider alternate language. For example, perhaps amending Claim 1 to read "an account-holder communications module operative to facilitate a separate connection with between said account holder and said system..." would be satisfactory to the Examiner. The Examiner is also invited to suggest alternative language for Claim 8.

For the above reasons Applicant requests reconsideration and withdrawal of the rejections under 35 U.S.C. § 112.

Prior Art Rejections

Summary of Distinguishing Features

There are at least three aspects of Applicant's invention that are not disclosed by U.S. Patent No. 5,708,422 (Blonder et al.) and U.S. Patent No. 6,529,725 (Joao et al.), either alone or in combination. These distinguishing features are summarized below.

I. Performing Verification Via A Remote Server

Original Claims 16 and 32 were directed to an embodiment of the invention where verification of transactions with an account-holder is accomplished by a computer (e.g., a third-party verification company) that is remote with respect to the computer of the financial institution (e.g. a credit card company). Fig. 1 of the drawings illustrates how the verification function can be accomplished by a verification company 108 that is remote from credit card company 106.

Original Claims 16 and 32 may have been somewhat difficult to read. Those claims were drafted as they were so that claims directed to the remote verification feature could depend from a generic base claim covering both remote verification and verification by the credit card company computer. Claims 16 and 32 have since been amended herein for clarity. Further, new independent Claims 50 and 53 were added to clearly claim this aspect of the invention.

II. Account-holder Enablement/Disablement of the Verification Function

Original Claims 13 and 29 were directed to embodiments wherein the account-holder can selectively disable the verification function. These features have since been amended into Claims 1 and 17, respectively, and Claims 13 and 29 have been canceled. Neither of the cited

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references disclose this aspect of Applicant's invention. Although at least one of the cited references disclosed fields for criteria that would trigger verification, no means was provided for the card-holder to change these values. Rather, it appeared that the criteria was set by the credit card company, presumably according to the customer's preferences, and would need to be changed by the credit card company. According to Applicant's invention, however, the card-holder could selectively enable/disable the verification function himself/herself. For example, prior to dining out a card-holder could phone in and disable the verification function. Then, when paying for dinner with the card, the transaction would be approved in the conventional manner without verification (and the associated delay). After the transaction was processed, the card-holder could then phone in and turn the verification function back on again.

III. Verification Process Initiated by the Account-holder

Original claims 8-12 and 24-27 were directed to embodiments of the invention where the computer system waits for the account-holder to initiate the verification process. In both cited references the server initiates the verification process by sending a notification to the card-holder. This could be a disadvantage where, for example, a fraudulent user has also obtained the card-holder's verification communication device.

Rejections Under 35 U.S.C. § 102

Claims 1-6, 14, 16-22, 30, 32-38, 46, and 48-53 are rejected under 35 U.S.C. § 102 (b) as being anticipated by Blonder et al. (USPN 5,708,422).

Applicant respectfully traverses.

The standard for anticipation is set forth in M.P.E.P. § 2131 as follows:

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987). "The identical invention must be shown in as complete detail as is contained in the ... claim." *Richardson v. Suzuki Motor Co.*, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989).

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Claims 1-6 and 14-16

As previously amended, Claim 1 recites (in part):

...
wherein said authorization module responsive to instructions from said account-holder is operative to automatically verify subsequent transaction approval requests without further input from said account-holder.

In the amendment filed December 8, 2003, Applicant asserted that the above limitation is not disclosed by either cited reference. In support of the rejection, the Examiner cites col. 5, lines 30-45, col. 7, lines 1-10, and col. 14, lines 35-67 of Blonder et al. However, it remains Applicant's position that none of the cited passages disclose a module "responsive to instructions from said account-holder" that "is operative to automatically verify subsequent transaction approval requests without further input from said account-holder," as recited in Claim 1. Rather, col. 5, lines 30-45 merely indicates that some profiles may not require alerting or approval, and that other profiles may include alerting parameters. There is no indication that a user can connect with validation database 106 and change the parameters or suspend alerting or approval. Col. 7, lines 1-10 indicates that profiles can include criteria for the approval of transactions when the card owner cannot be reached. Again, there is no indication that a user can connect with validation database 106 and change the parameters or suspend alerting or approval.

Col. 14, lines 35-67 of Blonder et al. describe a fifth embodiment of Blonder's invention wherein the customer obtains a confirmation code for use in a specific subsequent transaction, prior to initiating the transaction, and then provides the code to the retailer and processing center, which uses the code to verify the transaction. This process, however, does not suspend the verification process, such that subsequent transactions are automatically verified, but only provides an alternative way to verify the one particular preauthorized transaction.

Applicant respectfully asserts that the additional passages cited by the Examiner in the Final Office Action mailed March 25, 2004 also do not teach the limitation of Claim 1 recited above. For example, Blonder et al. at col. 6, lines 5-15 and 45-50 provide:

The approval flag field 304 alerts the card issuer that credit card transactions that violate pre-established conditions need to be authorized by the card owner as part of the card validation process. These pre-established conditions may be pre-selected by the card owner or they may be conditions imposed by the card issuer. The trigger group of fields depicted in FIG. 3 illustratively shows

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different parameters which cause a card owner to be notified when those parameters exceed certain pre-defined thresholds. The conditions field 305 shows restrictions pre-selected by the card owners for use of their credit cards.

...

It will be appreciated that only a limited number of restrictions and/or authorizations are shown in FIG. 3 for ease of explanation, even though many other restrictions, obvious to those of ordinary skill in the art, may be requested by card owners or card issuers for inclusion in the profile of FIG. 3.

These passages teach that only transactions which violate pre-established conditions will need to be authorized. This is different than "said authorization module responsive to instructions from said account-holder is operative to automatically verify subsequent transaction approval requests without further input from said account-holder," as recited by Claim 1. The above passage provides no indication that a user can connect with validation database 106 and change the pre-established conditions or that validation database 106 can receive "instructions from said account-holder." In addition, there is no indication that the pre-established conditions can completely suspend the verification process with the card-holder, such that subsequent transactions are automatically verified without further input from the account-holder. Rather, it appears that the pre-established conditions are set and remain static.

Next, Blonder et al., at column 2, lines 55-60 (line 60 of which is cited by the Examiner in the Office Action of March 25, 2004) provides:

In accordance with certain other illustrative embodiments, the invention provides a method and a system which allow a principal to be automatically alerted to, and/or to promptly authorize, an agent-initiated transaction which may, for example, be deemed atypical based on a pre-stored profile specified by the principle.

Again, similarly to that discussed above, this passage only discloses that notification and/or authorization by the principle may be required for agent initiated transactions based on a pre-stored profile specified by the principle. The passage does not disclose that subsequent transactions are automatically verified by the system responsive to instructions from the account holder, nor does the passage disclose a particular method for receiving instructions from the account-holder.

The previous Examiner (in the Office Action of March 25, 2004) stated that col. 14, line 35 through col. 15, line 27 of Blonder et al. teaches that "the process does suspend the

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verification process such that subsequent transactions are automatically verified." Applicant respectfully disagrees. The cited passage discusses an embodiment in which a confirmation code is used to verify one future transaction (col. 14, lines 43-45, col. 15, line 9). This process, however, does not suspend the verification process, such that subsequent transactions are automatically verified, but only provides an alternative way to verify one particular transaction. All other transactions will require authorization by the card-holder/owner.

In the Advisory Action mailed June 29, 2004, the Examiner responded to Applicant's arguments with respect to Claims 1 and Blonder as follows:

Applicant argues that Blonder doesn't teach instructions from the account-holder to automatically verify subsequent transactions approval requests. The Examiner disagrees with Applicant because the alert and approval fields selected by the card owner of Blonder can be accessed at anytime, at the present transaction and/or at any subsequent transactions thereafter and therefore it meets the claim limitations.

Applicant respectfully disagrees. Applicant has thoroughly reviewed Blonder and can find no indication that "the alert and approval fields selected by the card owner of Blonder can be accessed at anytime, at the present transaction and/or at any subsequent transactions thereafter," as stated by the Examiner. Therefore, Applicant asserts that Claim 1 distinguishes over Blonder for the reasons provided above. If the Examiner wishes to maintain the position above, Applicant respectfully requests that the Examiner provide citations from the cited reference indicating that "the alert and approval fields selected by the card owner of Blonder can be accessed at anytime" so that Applicant may have a fair chance to respond.

In summary, determining whether authorization is required based on predetermined authorization criteria is not the same as temporarily suspending the verification process. For example, consider the case where a particular transaction satisfies one but not all of a set of predetermined authorization criteria. According to the cited references, the transaction would not be approved without authorization by the card-holder. However, according to the invention as recited in Claim 1, the transaction would be automatically verified.

For at least the foregoing reasons, Applicant respectfully asserts that Claim 1 is distinguishable over the prior art of record. Claims 2-6, 14, and 16 depend, either directly or indirectly, from Claim 1 and are therefore distinguished from the cited prior art for at least the reasons provided above with respect to Claim 1.

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Again, determining whether authorization is required based on predetermined authorization criteria is not the same as temporarily suspending the verification process. If the Examiner agrees that these functions are different, but thinks Applicant's claims do not clearly recite this difference, then Applicant will be happy to consider any amendments that clarify the distinction without unduly limiting the scope of the claims. In this regard, Applicant respectfully requests the constructive assistance of the Examiner in formulating acceptable language.

Claims 17-22, 30, 32-38, 46, and 48:

As previously amended, Claim 17 recites:

...
receiving instructions from said account-holder to selectively
enable or disable said step of electronically verifying said
transaction approval request; ...

Applicant respectfully asserts that Claim 17 is distinguishable over the prior art of record for at least the same reasons provided above with respect to Claim 1.

Claims 18-22, 30, 32-38, 46, and 48 depend either directly or indirectly from Claim 17, and are, therefore, distinguishable from the cited references for at least the same reasons.

Claims 16, 32, 50 and 53-54:

As previously amended, Claim 16 recites:

16. A computer system according to Claim 1, wherein said authorization module is further operative to:
transmit a verification request identifying said transaction approval request to a third-party that verifies transaction approval requests with said account-holder; and
receive indicia of verification from said third-party indicating whether said account-holder verified said transaction approval request.

As previously amended, Claim 32 recites:

32. A method according to Claim 17, wherein said step of electronically verifying said transaction approval request with said account-holder includes:
transmitting a verification request identifying said transaction approval request to a third-party for verifying said transaction approval request with said account-holder; and

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receiving indicia of verification from said third-party indicating whether said account-holder verified said transaction approval request.

Claims 16, 32, 50, and 53-54 are further distinguishable from the cited prior art, because the prior art does not disclose a system or method wherein the verification process is performed by a system remote from the system performing the conventional credit approval. Indeed, in a previous interview the Examiner (Examiner Kemper) indicated that this was the clearest distinction between Applicant's invention and the prior art.

For the above reasons, Applicant respectfully asserts that Claims 16, 32, 50, and 53-54 distinguish over the prior art of record.

Claims 49 and 51-52:

Claims 49 and 51 are further distinguishable from the cited prior art, because the prior art does not disclose a system or method wherein the account-holder initiates the verification process without any prior notification from the credit card company.

Claim 52 depends from Claim 51, and is therefore distinguishable over the cited references for at least the same reason.

For the above reasons Applicant requests reconsideration and withdrawal of all rejections under 35 U.S.C. § 102.

Rejections Under 35 U.S.C. § 103

Claims 7 and 23 are rejected under 35 U.S.C. § 103 as being unpatentable over Blonder et al..

Applicant respectfully traverses. In particular, in order to establish a prima facie case of obviousness, the prior art reference (or references when combined) must teach or suggest all of the claim limitations. M.P.E.P. §2143. However, as indicated above with respect to Claims 1 and 17, Blonder does not teach or suggest all of the limitations of the base claims. Thus, no prima facie case of obviousness is established with respect to Claims 7 and 23, which depend from Claims 1 and 17 respectively.

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Claims 8-12, 15, 24-28, 31, 39-44, and 47 are rejected under 35 U.S.C. § 103 as being unpatentable over Blonder et al. in view of Joao et al. (U.S. Patent No. 6,529,725).

As indicated above, Blonder does not disclose all of the limitations of base Claims 1 and 17. Furthermore, Joao does not disclose "wherein said authorization module responsive to instructions from said account-holder is operative to automatically verify subsequent transaction approval requests without further input from said account-holder," as recited in Claim 1, or "receiving instructions from said account-holder to selectively enable or disable said step of electronically verifying said transaction approval request," as recited in Claim 17. Therefore, the references when combined do not teach or suggest all of the limitations of either Claim 1 or Claim 17. The cited references, therefore, cannot teach or suggest all of the limitations of Claims 8-12 and 15, which depend from Claim 1, or all of the limitations of Claims 24-28, 31, 39-44 and 47, which depend from Claim 17.

In addition, Joao does not disclose that the verification process is initiated by the account holder. For example, Joao does not teach or suggest "any notification to said account-holder is disabled; and said authorization module includes an interactive verification module operative to wait for said account-holder to initiate said separate connection," as recited in Claim 8. As the Examiner points out, Joao teaches that the account holder can contact the central processing center to approve a transaction. However, this is in response to a transaction notice. (See passages cited by Examiner)

For at least the foregoing reasons, Applicant asserts that no prima facie case of obviousness is established with respect to any of Claims 8-12, 15, 24-28, 31, 39-44, and 47. Applicant respectfully requests reconsideration and withdrawal of the rejections under 35 U.S.C. § 103.

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For the foregoing reasons, Applicant believes Claims 1-12, 14-28, 30-44, and 46-54 are in condition for allowance. Should the Examiner disagree that all pending claims are in condition for allowance, Applicant respectfully requests a personal interview at the United States Patent Office to further discuss the merits of this application. If the Examiner has any questions or suggestions for expediting the prosecution of this application, the Examiner is requested to contact Applicant's attorney at (269) 279-8820.

Respectfully submitted,

Date: 4/17/06

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CERTIFICATE OF FACSIMILE TRANSMISSION (37 CFR 1.8(a))

I hereby certify that this paper (along with any referred to as being attached or enclosed) is being transmitted via facsimile, on the date shown below, to: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450, at (571) 273-8300.

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